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ABSTRACT

This paper describes the processes and methodology used in a 3-year study of the Kentucky Foundation Program--a body of related Kentucky revised statutes which directs the amount and flow of State aid for public education in the State. A technical committee, a research committee, a citizens advisory council, and local study committees examined issues of educational allotment procedures, required local tax effort, capital outlay, cost of delivery education, variation in program cost, school district productivity. pupil transportation, school district organization, extended school year, school food service, salaries, and staffing patterns. Final recommendations to the legislature for changes in the methods of school finance were made in the areas of educational allotment procedure, required local tax effort, revenue for public schools, teachers' salaries, capital outlay and debt service, transportation, school district organization, extended school year, and accountability. The paper describes the defects and strengths of the finance study, and concludes with the legislative proposal for a revised foundation program for Kentucky. (Author/DN)

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ANALYSIS OF THE PROCESS AND METHODOLOGY OF A SCHOOL FINANCE STUDY IN KENTUCKY

Arnold Guess
Frankfort, Kentucky
September 1, 1973

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ANALYSIS OF THE PROCESS AND METHODOLOGY OF A SCHOOL FINANCE STUDY IN KENTUCKY

This paper is being written under the auspices of the U. S. Office of Education for the purpose of describing the processes and methodology used in the three-year study of the Kentucky Foundation Program.

The Foundation Program is that body of related Kentucky Revised Statutes which directs the amount and flow of state aid for public elementary-secondary education in the state. More specifically, it consists primarily of those statutes found in Chapter 157 of the Annotated School Laws of Kentucky. (See Exhibit (A) enclosed.)

I. PARAMETERS OF THE STUDY

Kentucky's Foundation Program has now been in effect 19 years. In October of 1970, the Superintendent of Public Instruction held hearings in Frankfort for the purpose of inviting testimony as to deficiencies perceived in the Foundation Program and to receive recommendations for improvement of the Program.

A stenographic record was kept of the proceedings and is attached as Exhibit (B). Many constructive criticisms were received, and it was determined that a study of the entire Foundation Program should be initiated.

Since there was no special appropriation for the study within the first year of the Study, Department of Education staff and local

school district personnel acted as the staff of the Study. No fixed time was established for the completion of the Study. As the Study progressed, the legislature appropriated $25,000 for each of the two subsequent years of the Study.

Infusion of these funds into the Study effort, even though insufficient, coupled with evolving events - primarily the Rodriquez and Serrano cases - caused the Study to evolve into an in depth examination of the Foundation Program which resulted in recommendations based on carefully planned research.

After the Study had been in progress for a year, Kentucky was selected as one of six states to work with the National Educational Finance Project (NEFP) to develop alternate finance models for public elementary and secondary education. Staff resources of NEFP, voluntary effort on the part of citizens, and part-time work on the part of a large number of Department of Education personnel caused an accurate estimate of resources devoted to the project to be an impossible task. Appendix 1 represents our best estimate of resources devoted to the Study.

In the final year of the project, a full-time director for the project was employed. This permitted acceleration of the project in order that recommendations could be prepared for the 1974 Legislature.

II. MAJOR ISSUES EXAMINED

This section of the report identifies major issues which were examined, and organizes these issues around three principal groups

which participated in the Study. Each of these groups and their contribution to the Study is discussed in the following paragraphs.

TECHNICAL COMMITTEES

The Technical Committees consisted of state and local educators who were appointed to study sixteen major areas of public education. Each of the committees was composed of twelve persons, broadly representative of the entire state.

(a) Objectives of the Committees

During the October 1970 hearings held in Frankfort by the Superintendent of Public Instruction, several areas of concern were identified (see Exhibit (B)). These areas consisted of:

- Allocation of administration and special instructional units.
- Administration of capital outlay.
- Compensatory education.
- Foundation Program provision for current expense.
- Differentiated staffing.
- Exceptional children.
- The extended school year.
- Calculation of the growth factor.
- A proposed incentive program.
- Statewide kindergarten.
- Merit pay and professional salaries.
- Para-professional and teacher aides.
- The pupil/teacher ratio.

- Pupil transportation.
- Urban needs.
- Vocational education.

At this time, it was not intended that the Study of the Foundation Program be the extensive, in depth study which later evolved. Therefore, the principal objective of the Technical Committee was to be responsive to the specific concerns developed in the October 1970 hearings and to develop recommendations, or future lines of inquiry for the Superintendent of Public Instruction.

(b) Scope of Inquiry

Since members of the Technical Committees were, in the main, full-time employees of local school districts, the depth and scope of their study was not research oriented. Generally, the findings of the Technical Committees were subjective, and based upon cursory examination of data available in existing publications of the Department of Education and other organizations such as the National Education Association. There was little effort to develop data based on new lines of inquiry which would solidly support findings growing out of their efforts. Recommendations tended to be a concensus perception of the Technical Committees' individual members.

This does not imply that there is criticism of the operation of the Technical Committees but, rather, recognizes the climate in which they were working and the resources available for the operation of the committees.

(c) Summary of Findings

In discussing the findings of the Technical Committees, it is necessary to understand the calculation of the Foundation Program. While this is specifically detailed in Exhibit (A), "Annotated School Laws of Kentucky," a simplified version of the procedure for calculating the Foundation Program allocation is detailed in Exhibit (C), "Procedures for Calculation of Foundation Program Allotments," which accompanies this report.

Technical Committee findings and recommendations are briefly reported:

1. Administration and Special Instruction Services Units (ASIS). Under current provisions, these units are calculated by adding the total number of basic classroom units, vocational units, and exceptional children units allotted and dividing by eight. Currently, State Board of Education Regulations allows the following positions to be used as ASIS units.

- Superintendent.
- Assistant Superintendent.
- Principal.
- Assistant Principal.
- Guidance Counselor.
- School Attendance Worker (Visiting Teacher).
- Physical Education Teacher.
- Music Education Teacher.
- Art Education Teacher.
- Industrial Arts Teacher.
- Librarian or Materials Specialist (Audio-visual).

- School Psychologist.
- Driver Education Teacher.
- Finance Officer.
- School Lunch Director.
- Art Program Consultant.
- Health and Physical Education Program Consultant.
- Music Program Consultant.
- Reading Program Consultant.
- Special Education Work-Study Program Coordinator.
- School Business Administrator.
- Consultant in an Academic Subject Field.
- School Social Worker.
- Local Director of Vocational Education.

Recommendations provide that the current method for calculating ASIS units would remain unchanged with the following exceptions:

- The position of Superintendent be removed from the ASIS units and be placed in a bonus classification; one for each local district. This unit should be funded at a minimum allotment of $15,000 plus $25 per Foundation Program unit for which the district is eligible.

- Principals would remain as eligible ASIS units with a graduated scale of funding which would be dependent upon the school: eight to twelve full-time teachers would fund the unit for 10½ months; thirteen to twenty-four full-time teachers would

fund the unit for 11½ months; and twenty-five or more teachers would fund the unit for twelve months.

- Consultants for elementary education, secondary education, and specialists in the areas of reading and curriculum should be made eligible as ASIS units.

- The ration of eight to one for ASIS units should be reduced to seven to one.

2. Capital Outlay. Current provisions provide for multiplying the allowance per allotted units established by the legislature, $1,200 for Fiscal 1970, by the total units for which the district is eligible.

Recommendations of the Committee are:

- The capital outlay allotment should be increased from its lev l of $1,200 per classroom unit to $1,794.62 in order to offset inflationary trends.

- A State Building Authority should be empowered to develop a plan for elimination of the present backlog of capital construction needs of 386 million dollars.

- Excessive or sustained pupil population growth creates need for new pupil housing which cannot be met with the regular capital outlay appropriation program. Therefore, the Foundation Program allocation should provide for increased levels of

capital outlay within the formula for fast growing districts which is based on the growth rate of the district and the effort the district is making to satisfy its capital outlay needs.

3. Compensatory Education. There are presently no provisions for compensatory education as the basis for categorical aid in the Foundation Program. Compensatory education, other than the state program for the handicapped, is supported largely by Title I, ESEA 1965.

The Committee offers no recommendations but suggests three lines of further inquiry:

- Define the basic education program at all levels in order to determine what would constitute a compensatory program.

- Determine the method of allocating funds (bonus, weighted, etc.) for distribution in the Foundation Program.

- Determine how other states have handled categorical state aid for compensatory education.

4. Current Expense. The current expense provision of the Foundation Program provides $1,400 per approved classroom unit allotted.

The Committee makes the following recommendations:

- The present level of funding for current expense is too low and should be raised.

- The current expense allocation of the Foundation Program is designed to defray such expenses as are incurred for instructional supplies and materials, heat for school plants, salaries for non-professional personnel, and the like. Provisions should be made for additional funds for districts wishing to experiment or implement new or innovative programs in these areas.

- The allocation for current expenses should be set at a reasonable level with provisions for an escalation clause which would reflect inflationary cost increases.

- A study should be made of the areas supported by the current expense allocation to determine the advisability of earmarking certain portions of the funds.

5. Differentiated Staffing. There are presently no special provisions for differentiated staffing within the Foundation Program calculation.

The Committee recommended that a pilot program in differentiated staffing be funded in four schools. This program would operate for five years as a demonstration project and a report would be made upon the merits of differentiated staffing.

6. Exceptional Children. The legislature currently determines the number of units for special education which will be funded. The current number funded is approximately 1,300 which satisfies about 25 percent of the demand.

The Committee recommended some technical changes in the laws pertaining to special education but recommended no expansion of the program.

7. Extended School Year. There are presently no provisions in the Foundation Program for funding the extended school year.

The Committee recommends that the current request for funds by Jefferson County School System be met and that the Foundation Program be amended to provide funds which would permit all school districts which desire to do so to operate and be funded for extended, or year-round school terms.

Implementation of this recommendation would require revision of:

- KRS 157.320 Method of calculating average daily attendance.
- KRS 157.350 Definition of the school term.
- KRS 157.360 Method for calculating units of growth.
- KRS 158.030 Legal age for entry to public schools.
- KRS 158.050 Sets beginning and ending dates of school year.

8. Growth Factor. Currently, the Foundation Program provides for current adjustment for increased pupil population based

on the average daily attendance of the first two months of the school year. In order for a school district to receive the growth units, a professional staff member must be employed for each twenty-seven pupils in average daily attendance. While these growth calculations are based upon the first two months attendance, payment for such units is not received until the last three months of the fiscal year.

The Committee recommended that:

- A means be devised to make possible earlier payment of the funds allocated by reason of growth.

- A heavier weighting be given to the capital outlay portion of the calculation (see capital outlay recommendations).

- A study of the effects on school districts which might occur by reason of using average daily membership as opposed to using average daily attendance as a basis for the entire Foundation Program calculation.

9. Incentive Program. Currently, there are no provisions within the Foundation Program which provides for incentive programs of any type.

The Committee made the following recommendations.

- Survey the need for incentive program.
- Develop alternate incentive programs based

on the needs survey. The alternative programs would include categorical, fiscal, and innovative programs.

- Conduct cost studies for each alternative plan.

10. Kindergarten Program. During the time the Committee was at work, there were no provisions for kindergarten in the Foundation Program formula. Since that time, a pilot program for kindergarten has been funded for 150 units.

The recommendations of the Committee were:

- Full funding of a kindergarten program through the Foundation Program.

- The development of a pre-kindergarten program for all four year pupils.

11. Merit Pay and Professional Salaries. Currently, there are no provisions in the Foundation Program for merit pay. Teachers are classified into five ranks determined by college training (Bachelors Degree, Masters Degree, etc.), and the first three ranks are divided into three groups based upon teaching experience. (0-3, 4-9, 10 years and over.)

The legislature sets a salary for nine and one-fourth months used in calculating the cost of a unit in each rank and experience level.

The local school district may pay a teacher more than the fixed

salary used in calculating the unit cost, but cannot pay less than 95 percent of the fixed salary. The local district may not budget less than the total calculated by using teachers employed in each rank and experience level multiplied by the salary set by the legislature.

A local school board may improve programs by employing more teachers than the minimum educational needs. However, the additional salaries come from local revenue sources.

If a local school district has improved its program by employing more teachers than units allotted, the units included in each rank and experience level shall be at the same ratio as teachers employed in each rank and experience level.

The salary allotment schedule for each rank multiplied by the units in each rank equals salary costs for nine and one-fourth months. Certain positions are eligible for employment under the Foundation Program beyond nine and one-fourth months. State Board of Education Regulations describe the positions eligible for extended employment and the maximum months of extended employment for each position.

The positions eligible for extended employment are:

- Superintendent.
- Assistant Superintendent.
- Finance Officer.
- School Business Administrator.
- Principal.

- Librarian.
- Guidance Counselor.
- Supervisor of Instruction.
- Director of Pupil Personnel and approved Vocational Programs.

The Committee made the following recommendations.

- Merit pay should not be considered at this time since salary schedules in Kentucky have not arrived at a proper point of adequacy.
- Increase teachers salaries to at least the average paid teachers in the seven bordering states.
- Fringe benefits at least equal to those enjoyed by other state employees.
- Study the possibility of escalating teachers salaries based upon a cost-of-living index.
- Provision through the Minimum Foundation Program Law for extra pay for extra services performed by teachers.

12. Para-professionals and Teacher Aides. There are no provisions in the Foundation Program for specifically funding para-professionals or teacher aides.

The Committee made the following recommendations:

- Revise KRS 157.290 which provides state funds on an experimental basis for para-professionals and teacher aides so that it will apply to all school districts.

- Establish minimum qualifications for teacher aides.

- Establish specific in-service training requirements for teacher aides.

- Develop a system of certification or license for teacher aides.

13. Pupil/Teacher Ratio. The regular elementary-secondary program is funded on the basis of twenty-seven pupils in ADA to one teacher.

The Committee recommended that this ratio be reduced to twenty-two and one-half pupils for secondary pupils and suggested further inquiry on the following points:

- Determine the best pupil/teacher ratio.
- Determine if there is a relationship between pupil age and pupil/teacher ratio.
- Determine the relationship between the current accreditation standards and the Minimum Foundation Program pupil/teacher ratio calculation.
- Determine the relationship between planning time and pupil/teacher ratio.

- Determine the significance of class size to the subject taught.

- Determine the relationship between accreditation standards of a state and the Southern Association of Colleges and Schools.

14. Pupil Transportation. Currently, the cost of pupil transportation is based upon the number of pupils transported at public expense, square miles served by the transportation system, and the previous year's transportation expenditure. These items are combined and placed on a graph to determine the cost allowed under the Foundation Program.

The Committee makes the following recommendations:

- Transportation for kindergarten pupils.

- Transportation for handicapped pupils.

  Develop a special transportation formula which shall provide for special transportation of the trainable mentally retarded, the orthopedically handicapped, and the visually handicapped enrolled in the puplic schools. Local school districts shall be provided 100 percent reimbursement of special transportation costs up to a maximum of $4.50 per day per child in average daily membership in public schools.

- Transportation for "road isolated" pupils.

- Transportation for the "year-round" school program.

- Provision for a "special unit" in the Minimum Foundation Program for a pupil transportation supervisor.

- Application of the growth factor for transportation for school districts starting pupil transportation for the first time.

- Making allowance in the formula for the transportation of pupils required to be transported less than a mile due to extremely hazardous walking conditions.

- Transportation for vocational education students (from high school to vocational school and return).

15. Urban Needs. The Foundation Program Study does not currently provide for differences between rural and urban needs.

The Committee recommended two specific actions and suggested several further lines of inquiry.

- Adoption of a cost differentiated funding system.
- Incorporation of a poverty concentration factor for certain areas of a school district.

- A study of the cost of special supportive services required in urban settings.

- A study of the effect of urban renewal on the tax base.

- A study of the cost of land and facility acquisition and construction in urban and rural areas.

- A study of the cost of retraining personnel to cope with social and psychological problems arising out of an urban environment.

16. Vocational Education. The Committee made no significant recommendations concerning vocational education.

RESEARCH CONSULTANTS

As the Technical Committees concluded their work, the increasing notoriety of Serrano and Rodriguez in their involvement in federal courts called attention to the need for further, in depth study. Additionally, past experience in our state has indicated that when significant progress is made in elementary-secondary education, it usually follows a study which has had involvement and input of the citizens of the state.

During this time, the National Educational Finance Project (NEFP) had received funding to work with six states in developing alternate finance models. We were fortunate to be selected as one of these states.

The legislature, taking note of the rising concern across the nation with respect to state school finance plans, appropriated $25,000 for each of two years to support the Study. It was determined that this money would be used largely to obtain the services of competent, research oriented consultants to further explore the problems of elementary-secondary education.

In effect, the Superintendent of Public Instruction made a second or fresh start on the Study when he appointed a 100 member Citizens Advisory Council to the Foundation Program Study and asked them to meet with the Director and Assistant Director of the NEFP for the purpose of reviewing the reports of the Technical Committees.

Following the review of the NEFP staff and the Citizens Council, the NEFP staff suggested ten specific areas in which the Study should continue. The NEFP staff identified qualified research consultants for each of the areas identified and agreed to administer the research effort. Fees and expenses for the research consultants were supported by the recently acquired legislative appropriation.

Each of these areas are briefly discussed in this section using four sub-topics: objectives of the study, scope of inquiry, data collection and analysis, and summary of findings and recommendations.

(a) Capital Outlay

Despite a raise in capital outlay allotments per classroom unit of $400 in 1960 to $1,400 in 1971, a combination of consolidation, modernization, unequal growth, World War II backlog, and inflation has kept many Kentucky school districts from reaching an optimum level of public school housing.

Dr. Salvatore Matarazzo, Professor of Education, Murray State University, was commissioned to study the capital outlay program.

1. Objective of the Study. The objective of the Study was to study present methods of financing capital outlay to determine their relevancy to capital outlay needs.

2. Scope of Inquiry. The scope of inquiry was the total state capital outlay program and included all school districts. The Study was concerned with capital outlay supported by the Foundation Program as well as that supported by other sources such as special voted taxes. The Study was concerned with debt service costs, school facility costs, school district ability, and school district effort.

3. Data Acquisition and Analysis. All data required for this extensive report was available in the Department of Education.

The Superintendent of Public Instruction is charged with the responsibility of approving all site acquisition, facility construction, and real property disposal within the school districts. For this reason, the Department of Education maintains a facility survey for each school district which describes the capital needs of the districts and ranks their order of priority. The needs of the districts described in Table 19 of the Capital Outlay Report were derived by costing the facility construction plan as described for each district in the published facility surveys. Other data for all school districts such as bond interest and redemption schedules, pupil populations, monthly and annual financial reports, construction cost indices, property assessment data and the like are kept on a routine basis in the Department of Education.

Analytical methods used were rudimentary and consisted of the determination of averages, ratios, and percentages.

4. Summary of Findings and Recommendations. While the Study came up with several findings and recommendations, there was one fact that it seemed that all evidence supported. Briefly stated, given our present formula and funding level, we have many school districts that are rapidly approaching satisfaction of their building needs while we have others that will not meet their needs in the next twenty-five years.

It was felt that the formula approach to capital outlay, while serving adequately in the past, was not the best approach to fulfilling capital outlay needs in the future. Although some school districts have not made an effort commensurate with their ability, the wide disparity of wealth among the state's districts definitely highlight the necessity of distributing state aid for capital outlay on a need basis rather than on a formula basis.

It was, therefore, recommended that a State School Building Authority be established in the Department of Education and be funded annually to construct buildings in the state where the highest incidence of need is determined to exist.

A summary of the findings and recommendations of the capital outlay recommendations may be found on pages 241-282 of Exhibit D, "Financing the Public Schools of Kentucky."

(b) Cost of Delivering Education

Persistent demands on the part of the more urban areas of the state for a differential in the Foundation Program to reflect the supposed higher cost of delivering educational services in such areas caused this element to be included in the Study.

Dr. Dewey Stollar, University of Tennessee, was commissioned to study this area.

1. Objective of the Study. The objective of the Study was to determine whether the cost of delivering education varied uniformly across the state.

2. Scope of Inquiry. The scope of inquiry included ten cities and twenty-two counties. In addition, independently of Dr. Stollar's efforts, Department of Education staff examined construction wage costs on eight school construction projects in eight different rural areas.

3. Data Collection and Analysis. Data sources used for the Study included data routinely maintained in the Department of Education, data on file in the Office of Business Development and Governmental Service, data gathered in the field by departmental field staff, and data published as a result of a newpaper field survey.

Comparable data for this study was extremely difficult to obtain. In the rural areas, routine data collection is scanty or non-existent. We believe we did not provide the researcher with enough lead time to fully develop the study or with enough resources to provide the on-site field investigation which ought to accompany an investigation

of this type. We would recommend considerable detailed planning and provision of a field force to anyone who would undertake a similar study.

4. Findings and Recommendations. The findings of this study were inconclusive and did not support the contention of urban areas of our state that there should be a cost differential built into the Foundation Program which favored the urban areas. In fact, one market basket survey found that food prices were higher in the low income, high unemployment, Eastern Kentucky area than they were in the higher income, full employment, Western Kentucky area.

Prevailing wage rates, which were set after a public hearing for public construction projects, have been repeatedly cited as a reason for a differential. As an example, the prevailing wage rate for Lexington may be $5.50 per hour for asbestos workers and $4.50 in a rural area 75 miles South or East. Our field investigation indicated that published, prevailing wages for a particular craft did not necessarily reflect actual wages paid. As an example, on a project east of Lexington in a rural area, although certain crafts were posted at a prevailing wage lower than the Lexington area, it was found that craftsmen were imported from Lexington, paid the Lexington wage as well as room and board or travel. This was necessary due to the absence of craftsmen in residence in the rural area. This is not an uncommon occurrence.

Finally, in approaching studies of this kind, there is an eternal question which must be asked, "Are our data reflecting the high cost of living or the cost of high living?" for the area being

studied. The difficulty of obtaining comparable data on the cost of housing between dissimilar areas may be illustrated by comparing a small town in the mountain areas and Louisville. Comparable pricing on two bedroom apartment rental cost may neglect the fact that the small town apartment consists of the bare essentials while the Louisville apartment has wall-to-wall carpeting, plug-in TV reception, swimming pool privileges, tennis courts, night watchmen, paved parking, and the like.

The only valid recommendation which could logically come out of the study was that further study should be conducted.

The complete study may be found in Exhibit D, "Financing the Public Schools of Kentucky," pages 421-431.

(c) Variations in Program Costs

It has been long accepted that programs to meet categories of needs which are identifiable within the pupil population vary in their resource requirements. It has further been demonstrated that these needs categories do not have a uniform incidence within a school district or between school districts. The concern about one of these two acceptable premises resulted in the commissioning of Dr. Richard Rossmiller of the University of Wisconsin to conduct an inquiry into the variance of resource requirements for programs designed to meet pupil needs.

1. Objective of the Study. The objective of the study was to determine resource requirements for programs which

would satisfy the various pupil need categories.

2. Scope of Inquiry. It was determined that a study of actual program costs at their current status in Kentucky schools would be conducted. It was felt that "best practice" districts should be used for the study. Officials of the Department of Education identified 28 best practice districts in the state. Actual costs were developed for programs. Later, these programs were consolidated within major programs where cost differentials were found to be almost equal. Grades 3-8 of the regular program were used as the base cost index of one. All other indices varied from this base on the plus side.

Following development of the indices, groups representing Vocational Education and Special Education questioned the accuracy and adequacy of the indices developed. At this point, the scope of inquiry was extended to include data from five other states with which the National Educational Finance Project staff had worked.

3. Data Acquisition and Analysis. Data used for the study was available in the Department of Education. The files containing the needed information were electronically accessible and a computer program was written to determine for each of the 28 districts:

- full-time equivalent students enrolled in day school programs during the regular school year for each major category and sub-category of program,
- the number of teaching and non-teaching academic,

supportive staff members for each district and each program category,

- the total salaries of teachers and non-teaching academic, supportive staff members by district and program, and

- the distribution of current operating expenditures by district and by program category.

Simple arithmetic processes were used to aggregrate the data and develop average costs per full-time equivalent pupil for each district. Introduction of the data from five other states was strictly for comparative purposes.

4. Findings and Recommendations. Proposed recommendations are still under study. The ultimate aim of our current efforts is to set the cost indices at a level which will support the special programs at a level which is consistent with the overall support of the elementary-secondary education programs of the state.

We would caution those who are considering this approach to funding education to be wary of those who are insistent on setting cost indices at an unrealistically high level. Because we are always operating with a limited amount of money, each raise in the index of a special program reduces the amount of money available for the regular program by depressing the value of the base index of one.

Theoretically, establishing a realistic value on the base index should serve to unify the advocacy groups within education since other programs are supported by a multiplier of that value. This is a

concept we are currently trying to sell in the Department of Education.

The complete text of the study may be found on pages 95-151 in Exhibit D, "Financing the Public Schools of Kentucky.:

(d) School District Productivity

Increasingly the public, legislators, the media, and those who routinely criticize the public schools as a means of gaining attention raise questions concerning the productivity of the public schools. Concern about productivity is translatable into accountability and thus becomes the topic of the moment. If, indeed, some schools are productive and some are not, the question must be raised concerning identifiable factors which may be associated with productivity or non-productivity.

Dr. David DeRuzzo, former research associate with the National Educational Finance Project and currently budget director for Palm Beach County Schools, Florida, was commissioned to study this question in Kentucky's public schools.

1. Objective of the Study. The objective of the study was to identify variables which differentiate between high or low productive school districts.

2. Scope of Inquiry. While the study included a review of the findings of other similar studies, the base data for the study was confined to thirty-eight Kentucky school districts.

3. Data Acquisition and Analysis. Unfortunately, the data with which Dr. DeRuzzo had to work was not of an adequate base upon which concrete findings might be based. While the Department of Education maintains on a routine base professional staff and financial information used in the study, student achievement data which was comparable was limited to thirty-eight districts. These districts do not represent an acceptable sample but, rather, those who chose to avail themselves of the test scoring service, now in its infancy, of the Department.

Statistical procedures applied to the data included simple regression analysis, multiple regression analysis, stepwise discriminate analysis, and multivariate analysis.

4. Findings and Recommendations. The conclusion of the study was that the variable, "ecomonically deprived" will classify school district productivity 65 percent of the time when considering the socioeconomic background of pupils. When considering in-school factors, the teacher or factors surrounding the teacher such as pay and training will predict high or low productivity for a school district.

Recommendations s[illegible] an effort to assure heterogenous school districts, ir[illegible]ifica[illegible]f efforts on basic skills, and provisions within the state fundi[illegible]eme for attracting teachers to economically deprived schoo[illegible]icts.

Finally, because of the inadequacy of the data base used, it was recommended that a mandatory statewide testing program be initiated

and the statistical procedures and predictive model used in the study be applied to the resultant statwide data base.

The complete text of the study may be found on pages 327-365 in Exhibit D, "Financing the Public Schools of Kentucky."

(e) Pupil Transportation

Pupil transportation is one of the four programs upon which a school district may receive Foundation Program funds. While past studies have indicated that the funding mechanism and level of funding for pupil transportation compared favorably with other states, it was felt that this important aspect of school finance should be reviewed. Accordingly, Dr. Gene Farley, Western Kentucky University; Dr. David Alexander, Virginia Polytechnic Institute; and Gayle Bowen, Research Fellow, National Educational Finance Project, were commissioned to conduct the pupil transportation study.

1. Objective of the Study. The objective of the study was to analyze all aspects of the transportation formula to identify strengths and weaknesses of the formula.

2. Scope of Inquiry. The research consultants conducted a study of all districts in the state which had transportation programs as well as an overview survey of other state programs.

3. Data Acquisition and Analysis. Data used in the study included pupil density figures and pupil cost figures for each district having transportation. Other data concerning attitudes toward the sufficiency and efficiency of the transportation system

were obtained through a district survey. A survey of other states was also run to determine the salient points contained in their transportation formula. Treatment of the data consisted of several simple mathematical calculations such as determining averages and the like.

4. Findings and Recommendations. The consultants found that the Kentucky transportation formula was adequate in almost all respects. They did, however, recommend that the graph be based on a point for each county or independent district, rather than the current method of grouping districts, and plotting the graph on the basis of ten points. They further recommended that a cost differential be established for transporting exceptional children.

The complete text of the Foundation Program transportation study may be found on pages 241-282, "Financing the Public Schools of Kentucky."

(f) School District Organization

Kentucky has made commendable progress over the past 25 years in reducing the number of operating school districts; however, progress has recently slowed to the point that only two or three districts per year have been merged in the last few years. Kentucky has many small, inefficient districts. For this reason, Dr. William R. Wilkerson and Dr. Monford Barr, Indiana University, were commissioned to study school district organization in Kentucky.

1. Objective of the Study. The objective of the study was to examine Kentucky's school districts with the view of

making recommendations which would cause districts to be of an optimum enrollment level.

2. Scope of Inquiry. All Kentucky school districts were included in the study. Additionally, the literature was reviewed in terms of discovering current trends in school district reorganization.

3. Data Acquisition and Analysis. Data used in the study was available in the Kentucky Department of Education in part and consisted of enrollment figures, attendance figures, accreditation information, dropout studies, pupil-teacher ratio studies, staff qualifications studies, and detailed financial records of Kentucky schools. Simple arithmatic processes were used on the data to determine percentages, averages, and ranges.

4. Findings and Recommendations. It was found that more than half of Kentucky's school districts enrolled fewer than 2,500 pupils, and five independent districts did not operate a high school. It was further indicated that too many small high schools were being operated in districts that could have achieved more consolidation. Administrative costs in small districts tended to be larger than the costs in average size or large districts. It was estimated that 750 thousand dollars could be saved annually if districts of less than 2,500 pupils in average daily attendance operated at the average administrative costs for all Kentucky districts.

The consultant's original recommendation that all independent school districts of less than 2,500 be closed by legislative mandate was greeted by a storm of protest. Department of Education officials quickly moved to seek modification of the seemingly harsh recommendation.

The recommendation was modified to require a joint study between the county district and such independent districts that had 2,500 or less in average daily attendance. This recommendation, too, was found to be devisive and was eventually dropped as a part of the Department of Education's legislative program. This was done in the interest of preserving unity behind the two major recommendations: Appropriation of 120 million new dollars, and using the pupil-cost unit as the basis for distributing Foundation Program money.

Our experience indicates that school district reorganization or merger is an explosive issue, and we would recommend that it be treated as a separate issue at a time when no other major recommendations are under consideration.

(g) Extended School Year

Since Kentucky has had little or no experience with state participation in the extended school year, this study, conducted by Dr. Morris Norfleet, Morehead State University, developed the history and current practice elsewhere in the nation with respect to the extended school year by doing an intensive review of current literature. Each plan, i.e., the modified school plan, the trimester plan, the quadmester plan, the multiple trail plan, the 45-15 schedule, and etc., was reviewed. The researcher developed analysis of the advantages and the impact of the extended school year program for a local school district.

The conclusion of the study was that every district in the state ought to have the opportunity of extending the school year with the state participating in the cost of such a program. Since the cost to

the state of such participation could be astronomical and initially difficult to estimate, the DOE has not placed this recommendation at a high priority level.

(h) School Food Services

Increasingly, educators are concerned with providing school food services at a level which assures the health and well-being of those pupils who are entrusted to their care. Ninety-two percent of Kentucky's school districts participate in the national school lunch program. Accordingly, this important area was studied by Dr. William Castine, Florida A & M University.

1. Objective of the Study. The objective of the study was to examine Kentucky's school food services program to determine its adequacy.

2. Scope of Inquiry. The scope of inquiry included direct questionnaires to a sample of school districts. Additionally, records of the Division of School Lunch, Department of Education, were made available to Dr. Castine for his examination.

3. Data Acquisition and Analysis. All data used in the study was provided by the DOE or the ten sample districts used in the survey. Treatment of the data consisted of determining percentages, average costs, and the like.

4. Findings and Recommendations. It was found that Kentucky had an effective school food service program. There were, however, certain recommendations as follow:

- The state should participate more heavily in the school food services program in order that the child who is paying for his lunch does not subsidize those receiving free lunches.

- The goal for school food service should be service to 100 percent of the schools.

The complete school food service study may be found in Exhibit D, pages 407-420, "Financing the Public Schools of Kentucky."

(i) Salaries and Staffing Patterns

Since teachers provide the greatest input resource to the educational programs of a state, it was felt that this area should be studied. Dr. Thomas S. Jeffries, University of Louisville, was commissioned to make the study.

1. Objective of the Study. The objective of the study was to determine the adequacy of preparation and the level of compensation of the Kentucky public school teaching staff. A further effort was concerned with discovering and describing any variation in these factors which might be attributable to size, wealth, or geographic location of a school district.

2. Scope of Inquiry. The professional staff record of each of the 34,711 professional employees of Kentucky's 192 school districts were analyzed.

3. Data Acquisition and Analysis. Data was acquired largely from publications of the Department of Education and the data bank maintained by the Division of Computer Services, Department of Education. Published data of the National Education Association were also used in the study.

4. Findings and Recommendations. It was found that Kentucky's teaching staff had an average age of 38, tended to teach in a district near the regional university in which they were trained, received a higher salary in urban areas, and were one of the best trained, and one of the lowest paid in the nation.

The principal recommendation growing out of the study was that Kentucky's teachers be compensated at a level equal to the average of the seven surrounding states. This would cost an additional 48 million dollars annually. It is interesting to note that this recommendation exceeds the recommendation for salaries contained in the Kentucky Education Association's legislative program.

The full text of the study is contained on pages 152-193, "Financing the Public Schools in Kentucky."

LOCAL STUDY COMMITTEES

Local Study Committees were formed in 175 of the 189 school districts. A structured study guide (see Exhibit E) was developed for the use of the study committees. In many instances, they were asked to provide data already in Department of Education files. This was done in order that citizens would learn more about their school districts' operation.

Many of the items on the study guide asked their recommendations concerning staffing and other matters. Some items were included to give them an opportunity to express their opinion on current issues.

A compilation of the 165 reports received from the school districts is included in this report as Exhibit F.

III. STAFF ORGANIZATION AND RELATIONSHIPS

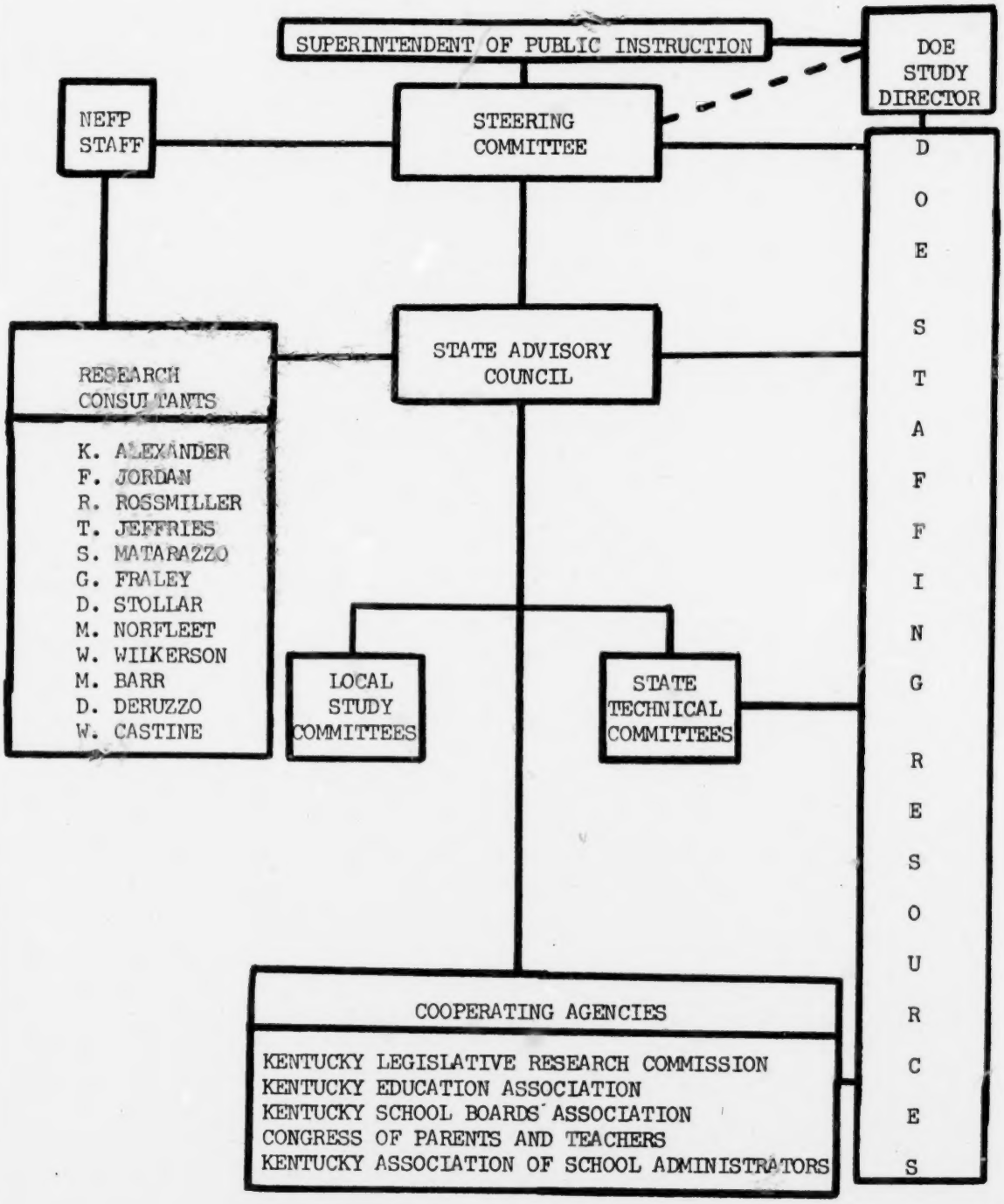
This section of the report describes the final organization of the components which played a role in the study. The described organization finally came into being and operated about the last 16 months of the study.

SUPERINTENDENT OF PUBLIC INSTRUCTION

The Superintendent of Public Instruction is a constitutional officer of Kentucky state government. The Kentucky Department of Education consists of the Superintendent of Public Instruction and the State Board of Education. The Superintendent has direct administrative responsiblity for the Bureaus and Division of the state Department of Education under direction of the regulations of the State Board of Education and, within the considerable body of law passed by the Legislature, directs the efforts of all persons engaged in the administration of the common schools and public vocational education and vocational rehabilitation. In his capacity as Chief Executive Officer of the State Board of Education and titular head of the Kentucky public school system, he is expected to stay abreast of current and best practices in the administration of public education.

In an effort to fulfill this obligation, the Superintendent of Public Instruction in October of 1970, initiated the study of the Foundation Program which was to culminate in recommendations to his office. In initiating the study, he appointed a Steering Committee representative of the diverse elements of public education to work with the Study Director in the administration of the study.

STAFFING AND ORGANIZATION FOUNDATION PROGRAM STUDY



DOE STUDY DIRECTOR

It was only during the last year of the study that a full-time Director of the study was staffed. The function of the Department of Education Study Director was one of facilitation and coordination. While the Study Director was directly responsible to the Superintendent of Public Instruction, his day to day direction came from the Steering Committee. The Study Director coordinated the efforts of the National Educational Finance Project staff, Department of Education personnel assigned responsiblity for elements of the study, the State Advisory Council, and the Local Study Committees.

STEERING COMMITTEE

The Steering Committee met periodically to review reports and provide direction for the study Director. The Steering Committee was composed of representatives of those agencies listed as cooperating agencies on the facing page, and selected senior members of the Department of Education.

STATE ADVISORY COUNCIL

The State Advisory Council was composed of 100 citizens from across the state. The Council acted as a clearing house for all inputs to the study.

As the NEFP staff identified research consultants for particular areas of the study, the Council formed sub-committees to work with each consultant. The Council met no less than three times, and frequently more, with their particular council sub-committee. In their first

meeting with the sub-committee, the consultants laid out the line of inquiry and the tasks they proposed to achieve. In their second meeting with the sub-committee, the consultants made a progress report and reviewed findings to date. In their third meeting with the sub-committee of the Council, the consultants reviewed the final draft of the report and accepted suggestions from the Council sub-committee.

The reports of the Local Study Committees as well as the state Technical Committees were also processed through the State Advisory Council.

NEFP STAFF

Kentucky was fortunate to obtain the services of the NEFP during the second year of the study. The Director and Associate Director of the NEFP met with the State Advisory Council and reviewed the work of the Technical Committees. At this point, they outlined a fresh or new start on the study and identified ten major areas to be studied. They further identified competent consultants to conduct these studies and worked with the Department of Education Study Director in monitoring the progress of these studies.

After the results of the studies of the research consultants, the Local Study Committees, and the State Technical Committees had been reviewed by the State Advisory Council, the NEFP staff wrote the report and recommendations growing out of the Study.

STATE TECHNICAL COMMITTEES

The State Technical Committees were the original group to look

into the concerns expressed by the people testifying in October 1970. Although their input was avaiable as the study progressed and its scope broadened, the role of the Technical Committees was diminished.

LOCAL STUDY COMMITTEES

Historically, Kentucky has made the most progress in education when citizens have been involved. It was recognized that while the State Advisory Council working with the research consultants could do much to improve education in Kentucky, it was necessary that a wider citizens involvement be obtained. Therefore, a structured study guide was prepared and study committees were formed in each of the local school districts. This involved approximately 5,000 local citizens and resulted in a lengthy report of their findings about education from each of the districts. These reports were compiled in the Department of Education and were furnished the NEFP staff by the State Advisory Council.

DOE STAFF

DOE staff was involved in the study to a greater or lesser degree in all of its phases. Much of the data supplied to the research consultants was gathered by DOE staff. The compilation of the Local Study Committees' reports was done by DOE staff. In addition, each Advisory Council sub-committee was provided the services of a DOE staff member who was conversant with the area being studied.

* * * * * * *

Inasmuch as the study in its original conception was not concretely planned but, rather, grew in the light of evolving circumstances, it is surprising that the total elements which finally comprised the organization and staffing of the study were able to work in such close harmony. The evolving nature of the study may be better understood when it is recongized that it was begun in one administration and completed in another.

Our best recommendation would be that if a state is going to undertake a study of this nature that a longer period be given to the discrete planning, and role assignment and functions be clearly delineated in advance of the study's being initiated.

IV. FINAL RECOMMENDATIONS AND EVALUATION OF EFFORT

In many instances, it has been necessary to alter or modify recommendations. In this chapter, we discuss final recommendations and describe study strengths and weaknesses.

IMPLICATIONS FOR LEGISLATION

The success of this study must be evaluated, to some degree, in terms of the potential for recommended change. For the most part, recommendations have been reduced to proposed legislation. The following represents an assessment of the legislative potential from each major recommendation:

(a) Educational Allotment Procedure

Several factors were given consideration in developing legislation. They were:

1. The recommendation calls for a change from the classroom unit method of allocating funds to the weighted pupil unit method. This recommendation was made for the following basic reasons:

   - To provide a method of delivering funds to local school districts based on the needs of individual pupils.

   - To provide a method of identifying important differentials that occur in meeting the needs of the different pupils.

- To provide more local autonomy and leeway in program development.

- To develop a program that can be more precisely evaluated and to assist in implementing a system of educational resource management.

- To develop a program that can be readily understood by citizens and legislators, thus making it easier to communicate the needs of the school districts.

2. A tentative bill to provide for the weighted pupil unit method of allocating funds has been prepared for consideration by the 1974 General Assembly. The proposed bill was drafted with the following considerations in mind:

- Pupil weighting should not be included in the law. This matter should be left in the hands of the State Board of Education. (The Kentucky State Board of Education can develop the regulations that have the force and effect of law.)

- Cost categories should be kept to a minimum. While efforts are still being made to reduce the number of cost categories, the following categories are used in the proposed legislation:

Kindergarten

Grades 1-2
Grades 3-8
Grades 9-12

Special Education

Physically Handicapped
Mentally Handicapped
Emotionally Handicapped
Speech Handicapped
Home & Hospital Instruction
Multi-handicapped

Vocational-Technical Programs

Employed by District

Business Education
Trades & Industries
Health Occupations
Agriculture
Home Economics
Special Needs

Contract Services

Business Education
Distributive Education
Trades & Industries
Health Occupations
Agriculture
Home Economics
Special Needs

3. Funds should be spent on the pupil generating the pupil units. The legislative proposal will allow a 15 percent leeway in the area of fund expenditure. Funds will not be tied to the individual school.

4. Legislation provides for recognizing a minimum salary for professional staff. Only the AB and MA degrees are recognized in the minimum salary provision of the proposed legislation.

5. Legislative proposal provides for a six hour day and a thirty hour school week.

The bill currently under consideration by a joint legislative committee as the proposed legislation to implement the pupil unit method of allocating funds is included in the report as Chapter V.

(b) Required Local Tax Effort

The study recommendation calls for increasing the required local tax effort from 0.30 to 0.50. While this recommendation will produce very little additional revenue for local school districts, it will result in the redistribution of approximately 40 million dollars. This redistribution effort, of course, would favor the less wealthy school district. The property wealth behind each pupil in Kentucky is very unequally distributed, ranging from an assessed value of approximately $9,000 per pupil in one Appalachian school district to $109,000 per pupil in a Northern Kentucky school district. The implications for legislation are very clear; however, a majority of the legislative members represent the wealthier school districts and full implementation will be difficult to achieve. This is especially true in view of the U. S. Supreme Court decision in the Rodriquez Case. Case.

(c) Revenue for Public Schools

The study points out very vividly that even though Kentucky is a fiscally poor state, it also makes a very low effort to support public elementary and secondary education. The recommendations challenges Kentuckians to increase their effort to support public elementary and secondary education to a level that is equal to the national average

effort. Implementation of this recommendation would have produced an additional 120 million dollars in Fiscal 1972. The potential for implementation of the recommendation is now in the hands of the Governor and the members of the Legislature. A State Citizens Advisory Council, along with local citizen groups, is currently engaged in an effort to generate support for the recommended improved funding level.

(d) Teachers' Salaries

The report shows Kentucky to rank 47th among the 50 states in salaries for public elementary and secondary professional staff members. The recommendation calls for increasing salaries over a two-year period to a level that would equal the average of the states bordering Kentucky. This would require a total average increase of $2,200 for the two-year period. In addition, the report recommends that future cost increases be tied to a cost-of-living index. Implementation of the total salary recommendation will be dependent of the degree of success in securing implementation of the revenue recommendation.

(e) Capital Outlay and Debt Service

The study recommendation calls for establishing a state building authority for the purpose of distributing capital outlay funds to school districts with the highest instance of need for school facilities. The rationale for this recommendation can be traced to the fact that Kentucky currently has an allotment of $1,400 per classroom unit for capital outlay. This allotment is uniform for all districts and has

resulted in some districts meeting their needs while other districts have major unmet needs remaining. In addition to the proposed building authority, the recommendation calls for maintaining the current $1,400 per classroom unit allotment; however, this part of the allotment will be converted to a pupil unit value. The proposed legislation will be drafted with the following considerations:

1. The legislative appropriation for the fund should be six million dollars.

2. All plans for buildings and for use of funds should be submitted to the State Department of Education for approval.

3. Funds from the Kentucky State Building Authority should be made available only to local school districts that have met minimum standards of organization and administration for efficient and effective utilization of school facilities. In the allocation of funds from the Authority, the following factors should be taken into consideration:

- Number of student in facilities being used beyond their capacity.
- Number of students in temporary facilities.
- Number of student in educationally obsolete facilities.
- Age and condition of school facilities.
- Relationship between the condition and internal features of the facilities and state approved instructional programs.

4. Local school districts should develop and submit plans for construction projects to the State Department of Education

for review and approval. Upon approval, funds should be advanced to the local districts for site purchase and architectural engineering fees. Additional funds should be allocated during the course of the project in accordance with the construction schedule.

(f) Transportation

The study revealed that pupil transportation is one of the major strengths of the existing Foundation Program formula. Recommendations were made to provide a special weighting for handicapped pupils and to improve the statistical preciseness of the total transportation calculation process. The latter recommendation can be implemented by State Board of Education regulation. Legislation will be introduced to provide for weighting of transported handicapped pupils.

(g) School District Organization

Kentucky has 189 school districts composed of 69 independent districts and 120 county districts. The study was approached with the following observations in mind:

1. The educational programs should be sufficiently comprehensive to meet the educational needs of each student.

2. The pattern of local district organization should be conducive to an equalization of educational costs without an undue tax burden accruing to any district.

3. Districts should be sufficiently large to facilitate the effective use of teachers and other professional personnel.

4. The organizational structure should promote the most effective use of tax dollars.

Using the above criteria, the study recommended that all school districts should be required to operate a grade 1-12 program of education. Implementation of the recommendation would result in the elimination of five independent school districts. The study further recommended a mandated study of merger by independent school districts with fewer than 2,500 pupils. This study, to be conducted by local citizens, would then be presented to the voters of the district in the form of a merger referendum. A postive simple majority vote would result in merger with the county school district, the idea being that if citizens actively studied the advantages of merger they would then approve the issue at the ballot box. Because of strong opposition to the school district organization recommendations, it is very doubtful that legislation will ever be proposed by the State Department of Education or the Citizens Advisory Council.

(h) Extended School Year

The report doesn't recommend a single extended school year plan. The recommendation calls for experimentation with pilot programs in order to test the several options that are available. Permissive legislation will be proposed along with a request for funds to implement some experimentation with extended school year programs.

(i) Accountability

The study recommended implementation of a statewide test program and an educational resource management system. At this time, it is not clear as to the route that will be followed. Since it is possible

to secure implementation by State Board of Education regulation, legislation may not be proposed.

STUDY DEFECTS

In a study of the magnitude of the Kentucky Foundation Program Study, there are bound to be several flaws in the study design. The following represents an attempt to identify some of the major study defects.

(a) State Advisory Council

In identifying the State Advisory Council, not enough attention was placed on the identification of the power structure of the state. In an attempt to secure regional balance, it is our feeling that we overlooked individuals that should have been included on the Citizens Advisory Council. Funds were not available to compensate citizens for travel, meals, and lodging. This limited the number of meetings with citizens and occasionally resulted in poor attendance.

(b) Timing

The report was released in the middle of the current Governor's term of office. This is not generally considered to be good strategy in securing additional funds for any program in Kentucky. In defense of the release date, it must be stated that one principal point of the study design called for an answer to the Rodriguez litigation. The Serrano court decision relieved the urgency of this concern.

(c) Staff Involvement

There was not sufficient involvement of Department of Education personnel outside of the Bureau of Administration and Finance. All sections of the Department of Education should have been completely involved in the planning and implementation of the study.

(d) Legislative Involvement

Important legislative members were not sufficiently involved at the beginning of the study. The difficulty of scheduling meetings in which Legislators and/or their staff may attend is almost insurmountable.

(e) Resources

Funds were not available for a comprehensive dissemination effort that is considered desirable for this kind of effort. It has been necessary to divert Department staff from routine duties to carry out this function.

(f) Scope of the Study

The study was perhaps too comprehensive. This resulted in several controversial recommendations. It has taken considerable time to allay fears of teachers and administrators, especially on the district organization and required local effort recommendations.

(g) Study Design

The study design was changed rather drastically after committees had been formulated and at work for a period of almost six months. This change was felt to be desirable because of the Serrano and Rodriguez court decisions. The resulting change created some confusion on the part of participants.

STUDY STRENGTHS

A review and assessment of the study indicates several major strong points.

(a) NEFP Involvement

Resources were made available by the National Educational Finance Project. Without their assistance, the study would have been much less comprehensive. In addition, it is felt that the expertise of out-of-state, top-notch consultants added much prestige to the study.

(b) State University Involvement

Involvement of consultants from state regional universities not only resulted in a more comprehensive research design, but has generated a great amount of support for the study from the university community.

(c) News Media

The decision to involve the news media in the study at

an early stage has resulted in invaluable public relations. It would be difficult to place a price tag on the news media's value in the dissemination effort.

(d) Citizen Involvement

Study recommendations have made the citizens of Kentucky much more aware of the needs of public elementary and secondary education. In most instances, citizens have the feeling that these are their recommendations since over 5,000 individuals participated at the grass roots level in developing input into the study recommendations.

Involving citizens in the study at an early stage appears to have generated higher expenditure expectations than you would normally expect from an educator oriented study. For example, it is very doubtful that the Kentucky Education Association would have advanced the idea of a salary schedule providing for average salaries equal to the seven states bordering Kentucky. It is very doubtful that this same organization would have recommended an annual increase in expenditures of 120 million dollars. On the other hand, citizens participating in the study seem to feel that this was very minimal and that, in fact, additional expenditures should have been recommended.

(e) Cooperating Organizations

Support of the study has tended to bring the education community closer together. The study recommendations have been endorsed by a Joint Legislative Committee composed of the following organizations: Kentucky Education Association, Parent Teachers Association, State School Boards Association, Kentucky Association of School Administrators and the Kentucky Department of Education.

SUMMARY

The report from the National Educational Finance Project was received in July of 1973. A statewide, comprehensive dissemination effort was immediately initiated, the purpose being to determine the receptiveness of citizens to the recommended program. From this dissemination effort, it was evident that two of the recommendations were creating great interest. They were the recommendation calling for a change from the classroom unit method of allocating funds to the pupil unit method of allocating funds, and the recommedation calling for Kentucky to increase financial support for public elementary and secondary education to a level equal to the national average effort. It was also equally obvious from the dissemination effort that two recommendations were creating a considerable amount of devisiveness. Those recommendations were: (1) school district organization, and (2) the recommendation to increase required local tax effort. At this po[illegible], the Joint Legislative Committee was asked to take a position on the recommendations. The Joint Legislative Committee is composed of the Kentucky Education Association, the Parent Teacher Association, the State School Boards Association, the Kentucky Association of School Administrators, and the Kentucky Department of Education. This committee unanimously adopted a three point legislative program as follows:

1. That Kentucky should made an effort to support public elementary and secondary education at a level equal to the national average effort.

2. That teachers' salaries should be increased in order that they might equal the average of the seven states bordering Kentucky.

3. A change from the classroom unit method of allocating funds to the pupil cost unit method of allocating funds for public elementary and secondary education.

V. PROPOSED FOUNDATION PROGRAM

157.310 Declaration of legislative intent in enacting the foundation program legislation.

In KRS 157.310 to 157.440 and subsection (2) of 157.990, it is the intention of the General Assembly to assure equal public school educational opportunities, through a foundation program, for those in attendance in the public schools of the Commonwealth, but not to limit nor to prevent any school district from providing educational services and facilities beyond those assured by the foundation program; and to provide, as additional state funds are made available for the public schools, for the use of such Funds for the further equalization of educational opportunities. KRS 157.310 to 157.440 and subsection (2) of 157.990 shall be interpreted as a measure to provide for an efficient system of public schools throughout the Commonwealth, as prescribed by section 183 of the Constitution of Kentucky, and for the manner of distribution of the public school fund among the districts and its use for public school purposes as prescribed by section 186 of the Constitution. Penalty, 157.990 (2)

157.312 Declaration of legislative intent to authorize public kindergarten.

It is the intention of the general assembly in KRS 157.312 to 157.320, 157.360, and 158.030, to authorize a local board of education to operate a public kindergarten in the common schools during 1973-74 and subsequent years.

157.315 Regulations for operation of public kindergarten.

Upon the recommendation of the superintendent of public instruction, the state board of education shall adopt regulations defining and prescribing the criteria for kindergartens in the commons schools and the eligibility requirements of pupils to attend these classes.

157.320 Definitions for KRS 157.310 to 157.440.

As used in KRS 157.310 to 157.440, unless the context otherwise requires:

(1) "Average daily attendance" means the aggregate days attended by pupils in a public school, divided by the actual number of days the school is in session for the year, except as provided in subsection (15) of this section.

(2) "Average daily membership" means the aggregate days of membership of pupils in a public school divided by the actual number of days the school is in session for the year.

(3) "Board" means the board of education of any county or independent school district.

(4) "Full-Time Equivalent" student is a full-time or part-time student in average daily attendance enrolled in any one or more of the following programs:

kindergarten
grades 1-2
grades 3-8
grades 9-12
vocational education
exceptional children

Full-Time Equivalency will be calculated by determining the fraction of time a student spends in each of the six (6) major categories listed above. The number of hours per week a student spends in each program divided by thirty (30) shall determine the fractions and the fractions totaled should equal one (1).

(5) "District" means any school district as defined by law.

(6) "Elementary school" means a school consisting of grades kindergarten through eight, or any appropriate combination of grades within this range, as determined by the plan of organization for schools authorized by the district board.

(7) "Foundation program" means the level of educational services and facilities, as defined in KRS 157.310 to 157.440, which is to be

provided in each district from the required local tax effort and the public school foundation program fund.

(8) "Isolated school" means an elementary or secondary school which had fewer than one hundred pupils in average daily attendance during the previous school year and which meets such standards for isolation as shall be prescribed by the regulations of the state board of education, based on factors to include distance by the nearest passable road from another appropriate school center which is able to receive the pupils, and the time for transportation necessary to attend another school.

(9) "Public school foundation program fund" means the fund created by KRS 157.330 for use in financing education in public elementary and secondary schools.

(10) "Regulations of the state board of education" means those regulations which the state board of education may adopt upon the recommendation and with the advice of the superintendent of public instruction. The superintendent of public instruction shall recommend for adoption of the state board of education such rules and regulations as he deems necessary for carrying out the purposes of KRS 157.310 to 157.440.

(11) "Required local tax effort" means the amount of money required to be provided by a district from tax revenue sources only.

(12) "Secondary school" means a school consisting of grades seven through twelve, or any appropriate combination of grades within this range as determined by the plan of organization for schools authorized by the district board. When grades seven through nine or ten are organized separately as a junior high school, or grades ten through twelve are organized separately as a senior high school and are conducted in separate school plant facilities, each shall be considered a separate secondary school for the purposes of KRS 157.310 to 157.440.

(13) "Single salary schedule" means a schedule adopted by a local board and approved by the state board of education upon recommendation of the superintendent of public instruction which is based on training, experience and such other factors as the state board of education may approve and which does not discriminate between salaries paid elementary and secondary teachers.

(14) "Teacher" means any regular or special teacher, principal, supervisor, superintendent, assistant superintendent, librarian, director of pupil personnel, or other member of the teaching or professional staff engaged in the service of the public elementary and secondary school for whom certification is required as a condition of employment; and

(15) "Year-round school program" means any plan approved by the state board of education upon the recommendation of the state superintendent of public instruction which requires the use of school buildings and facilities during the entire school year and which provides a form of optional scheduling of pupils and school personnel during the school year.

157.330 Foundation program fund.

(1) There is hereby established the public school foundation program fund consisting of appropriations for distribution to districts in accordance with the provisions of KRS 157.310 to 157.440.

(2) The resources of the public school foundation program fund shall be paid into the State Treasury, and shall be drawn out or appropriated only in aid of public schools as provided by statute.

157.340 Repealed.

157.350 Eligibility of districts for participation in foundation program fund.

Each district which meets the following requirements shall be eligible to share in the distribution of funds from the public school foundation program funds:

(1) Employs and compensates all teachers for not less than 185 days, provided that the State Board of Education, upon recommendation of the Superintendent of Public Instruction, shall prescribe procedures whereby this requirement may be reduced during any year for any district which employs teachers for less than 185 days, in which case

the eligibility of a district for participation in the public school foundation program shall be in proportion to the length of time teachers actually are employed;

(2) Operates a K-12 academic program for a term as provided in KRS 158.070 and regulations of the State Board of Education, provided, however, that if the school term is less than 185 days for any reason approved by the State Board of Education on recommendation of the Superintendent of Public Instruction the eligibility of a district for participation in the public school foundation program fund shall be in proportion to the length of term the schools actually operate;

(3) Compensates all teachers on the basis of a single salary schedule and in comformity with the provisions of KRS 157.310 to 157.440;

(4) Makes the required local tax effort except as otherwise provided by subsection (3) of KRS 157.400;

(5) Includes no nonresident pupils in its average daily attendance, except by written agreement with the district of the pupils' legal residence.

157.360 Allotment of pupil units by superintendent of public instruction.

(1) In determining the cost of the foundation program for each district, the superintendent of public instruction shall allot to each district pupil units for kindergarten, grades 1-2, grades 3-8, grades 9-12, vocational education, and exceptional children.

(2) A pupil unit shall be determined for each school district by the following formula: Full-Time Equivalent (F.T.E) pupil in average daily attendance times cost factor for the designated educational program equals weighted pupil value.

(3) In alloting pupil units for isolated schools the factor shall be 2.0 for one teacher schools and for all other isolated schools the weight shall be 1.3.

(4) Allotments of pupil units in accordance with subsection (1) of this section shall be made on the percent of attendance for the previous school year. If the average daily attendance of any district shall have

been reduced more than three percent during the previous school year due to such factors as epidemics, inclement weather, or disaster, upon application of the district superintendent, made before July 1 of that year, the number of pupil units allotted the district for the ensuing school year shall be increased by the difference in percent between the ratio of the average daily attendance to the average daily membership for the scholastic year just ended, and the ratio of the average daily attendance to the average daily membership for the two highest of the three preceding scholastic years.

157.370 Allotment of transportation units.

(1) In determining the cost of the foundation program for each district, the superintendent of public instruction shall determine the average cost per pupil per day of transporting pupils in districts having a similar density of transported pupils per square mile of area served by not less than nine different density groups.

(2) The annual cost of transportation shall include all current costs for each district plus annual depreciation of pupil transportation vehicles calculated in accordance with the regulations of the state board of education for such districts that operate district-owned vehicles.

(3) The aggregate and average daily attendance of transported pupils shall include all public school pupils transported at public expense who live one mile or more from school, provided that handicapped children may be included who live less than this distance from school. The aggregate and average daily attendance referred to in this subsection shall be the aggregate and average daily attendance of transported pupils the prior year adjusted for current year increases in accordance with state board of education regulations.

(4) The square miles of area served by transportation shall be determined by subtracting from the total area in square miles of the district the area not served by transportation, determined in accordance with the regulations of the state board of education provided that if one district authorizes another district to provide transportation for a part of its area, such area served shall be deducted from the area served by that district and added to the area served by the district providing the transportation.

(5) The density of transported pupils per square mile of area served for each district shall be determined by dividing the average daily attendance of transported pupils by the number of square miles of area served by transportation.

(6) The superintendent of public instruction shall determine the average cost per pupil per day of transporting pupils in districts having a similar density by constructing a smoothed graph of cost for all density groups as provided in subsection (1). This graph shall be used to construct a scale showing the average costs of transportation for districts having a similar density of transported pupils. Such costs shall be determined separately for county school districts and independent school districts, provided that no independent school district will receive an average cost per pupil per day in excess of the minimum received by any county district or districts. These costs shall be the costs per pupil per day of transported pupils included in the foundation program and such costs shall be recalculated each biennium.

(7) The scale of transportation costs included in the foundation program for county and independent districts is determined in accordance with the provisions of KRS 157.310 to 157.440 for the biennium beginning July 1, 1960.

(8) This section applies to those districts participating in a year-round school program. In calculating the tentative graph adjusted pupil transportation program cost for the district, the graph adjusted cost per pupil per day shall be calculated for the entire school year on the same basis as provided in subsections (1) through (7) of this section. However, in determining the total days' attendance to be multiplied by the cost per pupil per day, the average daily attendance for transportation as determined in accordance with the provisions of subsection (3) of this section for the most recent prior school year shall be increased by the average percentage increase in average daily attendance for transportation as shown in the district's tentative pupil transportation cost calculation for the three years immediately prior to the district's engaging in a year-round school program.

(9) For a district participating in a year-round school program, in determining the amount to be added to the district's tentative pupil transportation program cost for growth, the district's tentative pupil transportation program cost calculation for each school year shall be multiplied by the average percentage of growth in average daily attendance for transportation as determined in accordance with the provisions of subsection (3) of this section for the three years immediately prior to the district's engaging in the year-round school program.

(10) The transportation allotment to each school district shall include a factor of 5.0 for each exceptional child who because of his handicap must be transported with special high cost equipment.

157.380 Determination of local tax effort.

(1) On or before January 1 of each year the Department of Revenue shall determine the fair cash value of all property subject to assessment for school purposes, including a separate listing of the part of such assessment represented by "net assessment growth" as defined in KRS 132.425, and shall determine the precentage the fair cash value in each district is of the total equalized value of all property in the Commonwealth subject to taxation for school purposes and shall certify such information to the Superintendent of Public Instruction for use in determining the required local tax effort for each district for the fiscal year beginning on July 1, next after such certification.

(2) The Superintendent of Public Instruction shall for the 1968-69 fiscal year use the aggregate required local tax effort and the required local tax effort for the respective school districts which were determined for use during the 1967-68 fiscal year. For each fiscal year subsequent to 1968-69, the aggregate required local tax effort for the Commonwealth shall be the sum of the aggregate required local tax effort for the preceding year plus the amount obtained by multiplying the percentage of net assessment growth, as defined in KRS 132.425, by the aggregate local required tax effort for the preceding year; and the required local tax effort for each district shall be obtained by multiplying each district's percentage of the total equalized value of all property in the Commonwealth subject to school taxation for school purposes by the aggregate required local tax effort of the Commonwealth.

(3) Any district's levy shall be at such rate as is necessary to provide the required local tax effort. Penalty, 157.990 (2)

157.390 Classification of teachers; procedure for determination of amounts for teachers' salaries, and other expenses.

(1) (a) The Superintendent of Public Instruction, under regulations of the State Board of Education, shall classify teachers in rank as follows:

Rank I. Those holding regular certificates and who have a master's degree or its equivalent and who have earned thirty semester hours of approved graduate work or its equivalent, and those teachers who, as of September 1, 1962, were included in Rank I, having earned twenty-four semester hours of additional approved graduate work.

Rank II. Those holding regular certificates and who have a master's degree or its equivalent.

Rank III. Those holding regular certificates and who have an approved four-year college degree or the equivalent.

Rank IV. Those holding certificates and who have ninety-six to 128 semester hours of approved college training or the equivalent; provided, however, that persons holding emergency certificates shall not be classified higher than this rank for calculation of the amount to be included in the foundation program.

Rank V. Those holding certificates and who have sixty-four to ninety-five semester hours of approved college training or the equivalent.

(b) In determining ranks, the Superintendent of Public Instruction, under regulations of the State Board of Education, shall classify teachers who hold valid certificates in the respective ranks according to approved college semester hours of credit. The Superintendent of Public Instruction, in defining preparation for certain types of vocational teachers as equivalent to college training, shall give consideration to apprenticeship training and industrial experience.

(2) The amount to be included in each school year in the foundation program of a school district for teachers' salaries shall not be less than the minimum salary schedule included in the biennial budget.

(3) The amount to be included in the foundation program for current expenses shall be determined by multiplying the total pupil units by the amount set forth in the biennial budget.

(4) The amount to be included in the foundation program for capital outlay shall be determined by multiplying the number of classroom units by the amounts set forth in the biennial budget.

(5) The amount to be included in the foundation program of each district for transportation shall be determined by multiplying the aggregate

attendance of transported children by the allowable cost per pupil per day for that district determined in accordance with the provisions of KRS 157.370.

(6) The total cost of the foundation program for each district shall be the sum of allotments in subsections (3), (4), and (5) of this section.

157.400 Procedure for determining amount distributable to each district from foundation program fund.

The amount of money distributable to each district from the public school foundation program fund shall be determined by subtracting the required local tax effort from the total foundation program allotment for the district as determined in KRS 157.390.

157.410 Procedure for payment o funds to district.

For each school year the Department of Finance, on the certification of the Superintendent of Public Instruction, shall draw warrants as specified hereinafter on the State Treasurer for the amount of the public school foundation program fund due each district. Checks shall be issued by the State Treasurer and transmitted to the Department of Education for distribution to the proper officials of the several school districts when the districts have fully complied with the school laws and rules and regulations of the State Board of Education. The Superintendent of Public Instruction shall determine on or before July 15 of each year the tentative allotment of school funds to which each district is entitled under the provisions of KRS 157.310 to 157.440. Beginning August 1 of each year and on the first of each month thereafter for seven successive months one-twelfth of each district's share of the public school foundation program fund shall be distributed. On or before March 1 of each year the Superintendent of Public Instruction shall determine the exact amount of the public school foundation program fund to which each district is entitled and the remainder of the amount due each district for the year shall be distributed in four equal installments beginning March 15 and for three successive months thereafter. Penalty, 157.990 (2)

157.420 Restrictions governing expenditure of funds from foundation program fund.

Public school foundation program funds made available to the credit of each district during any year, together with the funds required from local tax effort, shall be received, held and expended by the district board, subject to the provisions of law and regulations of the state board of education. The following restrictions shall govern the expenditure of funds from the public school foundation program fund:

(1) Public school foundation program funds shall be used only for teacher ding properly authorized certificates.

(2) The tate board of education shall not approve any working budget or salary schedule for local boards of education for any school year in which the salary schedule for teachers is not equivalent to or exceeds the minimum salary schedule established in the biennial budget.

(3) The capital outlay allotment for each district from the public school foundation program fund and from local sources shall be kept in a separate fund and may be used by the district only for capital outlay projects approved by the superintendent of public instruction in accordance with requirements of law, and based on a survey made in accordance with rules and regulations prescribed by the state board of education. These funds shall be used for the following capital outlay purposes:

(a) For direct payment of construction costs;

(b) For debt service on voted and funding bonds;

(c) For payment or lease-rental agreements under which the board eventually will acquire ownership of a school plant;

(d) For the retirement of any deficit resulting from overexpenditure for capital construction, if such deficit resulted from an emergency declared by the state board of education under KRS 160.550;

(e) As a reserve fund for the above named purposes, to be carried forward in ensuing budgets; provided, however, if any district has a special levy for capital outlay or debt service that is equal to the capital outlay allotment or a proportionate fraction thereof, and spends the proceeds of that levy for the above-named purposes, the superintendent of public instruction under regulations of the state board of education, may authorize the district to use all or a proportionate fraction of its capital outlay allotment for current expenses.

(4) If a survey shows that a school district has no capital outlay needs as shown in paragraphs (a), (b), (c), and (d) of subsection (3)

of this section, upon approval of the superintendent of public instruction, these funds may be used for school plant maintenance, repair, insurance on buildings, and replacement of equipment.

157.430 Procedure for percentage reduction of amounts distributable to districts in case of insufficient appropriations by General Assembly.

If, when the apportionments are being determined under the provisions of KRS 157.310 to 157.440, funds appropriated by the General Assembly to the public school foundation program fund plus that portion of the funds required from local tax effort are insufficient to provide the amount of money required under subsections (1), (2), (3), and (4) of KRS 157.400, the Superintendent of Public Instruction shall make a percentage reduction in the allotments determined in these subsections for each district to the extent necessary to reduce the total of these allotments to funds available, provided that it meets the requirements set forth in KRS 157.350 and subsections (2), (3), (4), and (5) of KRS 157.400. Penalty, 157.990 (2)

157.440 Districts may exceed levies authorized by KRS 157.380 or 160.470, when,

(1) In addition to the local tax effort required by KRS 157.380, for participation in the equalization account of the public school foundation program fund, such districts or any other district may exceed the maximum provided by subsection (2) of KRS 160.470 provided that, upon request of the board, the tax levying authority of the district shall adopt an ordinance or resolution submitting to the qualified voters of the district, in the manner of submitting and voting as prescribed in paragraph (b) of subsection (1) of KRS 160.477, the question whether a rate which would produce revenues in excess of the maximum provided by subsection (2) of KRS 160.470 shall be levied. If a majority of those voting on the question favor the increased rate, the tax levying authority shall, when the next tax rate for the district is fixed, levy the rate requested by the board not to exceed the rate authorized by the voters.

(2) For the 1966 tax year and for all subsequent years the rate levied by the levying authority under the providions of this section for levies which were approved prior to December 16, 1965, shall be the compensating tax rate as defined in KRS 132.010, except as provided in subsection (3) of this section and except that a rate which has been

approved by the voters under this section but which was not levied by the district board of education in 1965 may be levied after it has been reduced to the compensating tax rate as defined in KRS 132.010, and except that in any school district where the rate levied in 1965 was less than the maximum rate which had been approved by the voters, the compensating tax rate shall be computed and may be levied as though the maximum approved rate had been levied in 1965 and the amount of revenue which would have been produced from such maximum levy had been derived therefrom.

(3) Notwithstanding the limitations contained in subsection (2) of this section no tax rate shall be set lower than that necessary to provide such funds as are required to meet principal and interest payments on outstanding bonded indebtedness and payments of rentals in connection with any outstanding school revenue bonds issued under the provisions of KRS Chapter 162.

(4) The Superintendent of Public Instruction shall certify the compensating tax rate to the levying authorities.

157.990 (4421c-10) Penalties.

(1) Any person who willfully violates any of the provisions of KRS 157.100 to 157.180 shall be fined not less than one hundred dollars nor more than five hundred dollars.

(2) Any person who willfully violates any of the provisions of KRS 157.310 to 157.440 shall be fined not less than one hundred dollars nor more than five hundred dollars.